Department of Finance 2007-03092/

News Release

Immediate release

Ottawa, November 23, 2006
2006-069

Canada's New Government Releases *Advantage Canada*: An Economic Plan to Eliminate Canada's Net Debt and Further Reduce Taxes

The Honourable Jim Flaherty, Minister of Finance, today released *Advantage Canada: Building a Strong Economy for Canadians*, a long-term, national economic plan designed to make Canada a true world economic leader. The plan, unveiled along with Minister Flaherty's *Economic and Fiscal Update*, features a new national objective to eliminate Canada's total government net debt in less than a generation and further reduce taxes for all Canadians.

"The Canadian economy as a whole is performing extremely well and is among the fastest growing in the G7," said Minister Flaherty. "If we are to remain at the economic forefront, we need a long-term plan that will shape Canada's future, and improve the quality of life for families, students, workers and seniors."

Advantage Canada builds on Canada's strengths and seeks to gain a global competitive advantage in five key areas:

- Tax Advantage—Reducing taxes for all Canadians and establishing the lowest tax rate on new business investment in the G7.
- Fiscal Advantage—Eliminating Canada's total government net debt in less than a generation.
- Entrepreneurial Advantage—Reducing unnecessary regulation and red tape and increasing competition in the Canadian marketplace.
- Knowledge Advantage—Creating the best-educated, most-skilled and most flexible workforce in the world.
- Infrastructure Advantage—Building the modern infrastructure we need.

"*Advantage Canada* is a long-term plan that will create the right conditions and opportunities for families and businesses to succeed," said Minister Flaherty. "And our tax back guarantee will give Canadian taxpayers a real stake in reducing debt by dedicating the interest savings each year to reducing personal income taxes even further."

Advantage Canada is based on core principles that will guide the Government's future policy decisions. The principles are:

Focusing government. Government will be focused on what it does best. It will be responsible in its spending, efficient in its operations, effective in its results and accountable to taxpayers.

Creating new opportunities and choices for people. Government will create incentives for people to excel—right here at home. We will reduce taxes and invest in education, training and transition to work opportunities so Canadians can achieve their potential and have the choices they want.

Investing for sustainable growth. Government will invest and seek partnerships with the provinces and the private sector in strategic areas that contribute to strong economies, including primary scientific research, a clean environment and modern infrastructure.

Freeing businesses to grow and succeed. Government will create the right economic conditions to encourage firms to invest and flourish.

Minister Flaherty presented his *Economic and Fiscal Update* before the Standing Committee on Finance. He highlighted Canada's strong economic fundamentals, including:

- An unemployment rate that is near its lowest level in over 30 years, with more than 260,000 new jobs created so far this year.
- Low, stable and predictable inflation with the renewal of Canada's inflation-control target to 2011.

The economic outlook is encouraging, said Minister Flaherty, with private sector economists forecasting a growth rate of about 2.75 per cent for 2006 and 2007.

The Minister also presented the Government's fiscal forecast for the current year and the following five years. After accounting for the cost of measures announced in the May 2006 budget and the minimum debt and tax reduction commitments, the Government's fiscal forecasts are as follows:

In 2006–07: $4.2 billion

In 2007–08: $3.5 billion

In 2008–09: $2.4 billion

In 2009–10: $2.0 billion

In 2010–11: $3.6 billion

In 2011–12: $2.9 billion

Overall, the Government's forecast is within the range of four private sector projections.

"Unlike previous governments, we don't see growth and surpluses as a licence to spend," said Minister Flaherty. "We are determined to grow our economy, control our spending and give the benefits of debt and tax reductions directly back to Canadian families and taxpayers."

Advantage Canada: Building a Strong Economy for Canadians and *The Economic and Fiscal Update* are available on the Department of Finance website.

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